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Washington, D.C. – U.S. Rep. Brad Miller (D-NC) and more than 50 Members of Congress, including Representatives from most of the hardest hit states, sent a letter today to Edward DeMarco, Acting Director of the Federal Housing Financing Agency (FHFA), calling for Fannie and Freddie to take a leadership role in stemming the current foreclosure crisis. In part, the lawmakers write that FHFA has failed to use its influence to effect crucial changes that would slow the continuing decline of the housing market and maximize return to the taxpayer.

"Foreclosures result in the decline in home values, the decline in home values result in more homeowners being "under-water," and an increase in under-water homeowners results in more foreclosures, all resulting in more losses by the enterprises and taxpayers," Rep. Miller said.

Yet FHFA has failed to require servicers to reduce principal or even to participate in HAMP's Principal Reduction Alternative (PRA) Program.

In the letter, Members of Congress state that the conduct of FHFA in servicing mortgages guaranteed by Fannie and Freddie is greatly exacerbating taxpayer losses. They urge the agency to aggressively pursue sustainable modification of mortgages, a course that could help millions of struggling homeowners while maximizing value of the conservator's assets.

"The modification of mortgages for borrowers with sufficient income to pay a reduced mortgage

will almost always reduce the loss to the enterprises as guarantor," Miller said.

The lawmakers also point out that current FHFA policies could preclude taxpayers from benefitting from any settlement proposed by the 50 Attorneys General.

View a copy of the letter [here](#). [FHFA_Demarco_Letter.pdf](#)